

7-2-97

AGREEMENT FOR TRANSFER OF RESPONSIBILITIES AND INTERFACES

**Between Bechtel Jacobs Company LLC,
Lockheed Martin Energy Systems, Inc., and
Lockheed Martin Energy Research Corporation**

1.0 PURPOSE AND SCOPE

This Agreement (the "Agreement" or Transfer Agreement") is entered into effective April 1, 1998, by and between the Bechtel Jacobs Company LLC (Bechtel Jacobs Company), a limited liability corporation organized and existing under the laws of the state of Delaware, Lockheed Martin Energy Systems, Inc. (LMES), a corporation organized and existing under the laws of the state of Delaware, and Lockheed Martin Energy Research Corporation (LMER), a corporation organized and existing under the laws of the state of Delaware.

The Department of Energy (DOE) and LMES are parties to Contract DE-ACO5-84OR21400 (the "LMES Contract") pursuant to which LMES has management responsibilities for portions of the Oak Ridge Reservation (Oak Ridge), the Portsmouth Gaseous Diffusion Plant Site (Portsmouth), and the Paducah Gaseous Diffusion Plant Site (Paducah). DOE and Bechtel Jacobs Company have entered into Contract DE-ACO5-98OR22700 (the "M&I Contract") providing for Bechtel Jacobs Company to assume responsibilities, effective April 1, 1998, for Environmental Management and Enrichment Facilities management (EMEF) at Oak Ridge, Portsmouth and Paducah. By execution of the M&I Contract, DOE has directed the transfer of LMES's EMEF responsibilities to Bechtel Jacobs Company, and has directed Bechtel Jacobs Company to accept transition of certain LMES employees effective at 12:00 a.m. on April 1, 1998 (the Transfer Date). DOE and LMER are parties to Contract DE-ACO5-96OR22464 (the "LMER Contract") pursuant to which LMER has management responsibilities for the Oak Ridge National Laboratory, National Environmental Research Park and the Oak Ridge Reservation excluding ETTP and the Y-12 Plant.

The purpose of this Agreement is to facilitate an orderly transfer of responsibilities, along with affected personnel, documents, agreements, and property, from LMES and LMER to Bechtel Jacobs Company, while providing LMES and LMER the opportunity and ability to close out various activities which arose prior to the Transfer Date, and to set forth the agreements and commitments of LMES, LMER and Bechtel Jacobs Company with respect to continuing interfaces and related responsibilities at Oak Ridge, Portsmouth and Paducah. Bechtel Jacobs Company has entered into separate Master Agreements For Services (MAS) with LMES and LMER, which specify the terms and conditions under which the Parties will provide services to each other. This Agreement is meant to complement the terms and conditions of the MAS, and not to supersede, revise or amend the MAS. Notwithstanding any term of this Agreement, it is understood and agreed that the LMES Contract, LMER Contract and the M&I Contract, and the MAS shall take precedence over this Agreement and responsibilities set forth herein.

2.0 ASSIGNMENT OF AGREEMENTS

2.1 Subcontracts And Purchase Orders

LMES does hereby assign to Bechtel Jacobs Company, as of the Transfer Date, all of its rights, title and interest in the purchase orders, memorandum purchase orders, request for services, subcontracts, or agreements, including sales agreements, and requests for proposals or other solicitations, entered into under the LMES Contract as identified on Attachment 2.1 to this Agreement, and Bechtel Jacobs Company does hereby accept such assignment and assumes all obligations and liability arising thereunder for subcontractor's services performed on or after the Transfer Date, subject to LMES's right of access to all documents produced and delivered under any such purchase order, memorandum purchase order, request for services, subcontracts, and agreements as provided in section 3.1 below. LMES shall be responsible for all purchase orders and subcontracts entered into under the LMES Contract and not assigned in this Section. LMES has determined that third party consents are not required for such assignments.

In order for operations to continue uninterrupted, the Parties recognize that materials, supplies and like items may be purchased by LMES prior to the Transfer Date and delivered on or after the Transfer Date. Compensation for such items received under these circumstances will be coordinated between the LMES and Bechtel Jacobs Company finance organizations to assure that costs are charged to the appropriate account as set forth in Section 7.0 of this Agreement.

2.2 Software Licenses

LMES does hereby transfer to Bechtel Jacobs Company as of the Transfer Date, to the extent that such rights are transferable, all appropriate rights, title and interest for the use of licensed software and firmware (i) that are contained on personal computers being transferred to Bechtel Jacobs Company, or (ii) were acquired under the LMES Contract and are necessary for Bechtel Jacobs Company to perform the EMEF scope of work. Bechtel Jacobs Company hereby agrees to accept such transfer and agrees to the conditions of each license or agreement for the use of proprietary software.

3.0 TRANSFER OF AND ACCESS TO RECORDS, DOCUMENTS AND DATABASES

3.1 Program Records

Except as provided otherwise herein, LMES and LMER shall release to Bechtel Jacobs Company all records located at the ETTP and Portsmouth and Paducah sites, and each Party shall provide the other Parties access to all DOE Program records and historical records which are related to or necessary for the effective continuation of any Party's Prime Contract activities. "Program Records" shall mean all documents and information including writings, drawings, graphs, charts, photographs, microfilm or microfiche, or data compilations/databases, whether stored on main or mini-frame computers, personal computers, file servers, on computer networks or any other storage devices, from which information may be obtained or translated if necessary through detection devices or by other means into a reasonably useable form, which were acquired or generated pursuant to the performance of DOE Program work. Program Records shall not include records to the extent they contain (a) privileged (including attorney work product), confidential or proprietary information, (b) a Party's financial and legal information, and correspondence between a Party and a parent corporation or affiliate, (c) internal files relating to a Party's Prime Contract performance, (d) files involving litigation by or against a Party, (e) personnel files, (f) closeout and transition documents, and (g) Employee Concerns Program Records.

Where a Party requires access to Program records, or such other records a Party is entitled to access, which are in another Party's possession or the possession of a subcontractor, the requesting Party shall, on reasonable notice, have access to such records to review and copy as warranted. All Parties shall cooperate on all record requests. All Parties shall provide reasonable access to relevant employees including employees of subcontractors who possess, control or have knowledge of where the records may be located or can provide background information on the "when", "where", "how", and "why" the records were created or stored. No Party shall be required to release documents to another Party which are protected from release by the attorney-client, or work product privilege or applicable law.

Records retention will be in accordance with each Party's Prime Contract, except that the Party managing records that have been identified by another Party as being relevant to litigation shall retain or transfer to the requesting Party such records until receipt of notification in writing that they no longer are needed for litigation purposes.

3.2 Training Records

LMES shall transfer to Bechtel Jacobs Company on the Transfer Date a paper copy of the training records, and shall provide to Bechtel Jacobs Company read and edit access to the electronic training records database, relating to personnel transferring to Bechtel Jacobs Company. LMES shall retain college education reimbursement records relating to the transferring employees.

3.3 Personnel Records

Pursuant to the authorization and release received from each affected employee, LMES will provide to Bechtel Jacobs Company a copy of the most current Employee Status and Change Authorization form, or its equivalent, from the personnel file of LMES employees who transfer employment to Bechtel Jacobs Company on or after the Transfer Date. LMES will retain all other personnel records and personnel files of LMES employees who transfer employment to Bechtel Jacobs Company.

3.4 Transfer of Classified Documents

On the Transfer Date, LMES shall transfer the care, custody and control of all classified documents located at the ETTP site, excluding National Security Program Office documents, to Bechtel Jacobs Company, and Bechtel Jacobs Company hereby accepts the care, custody and control of said classified documents in accordance with the terms and conditions of the M&I Contract.

4.0 POST-TRANSFER SERVICES

The Parties agree to continue cooperating to facilitate the EMEF transition and to maintain continuity of operations. Requests for assistance or consultations that require more than two (2) hours will be managed as appropriate by work authorization under the MAS.

5.0 PROPERTY AND NUCLEAR MATERIAL TRANSFERS

5.1 Transfer of Government-Owned Real Property

Contractor responsibilities for Real Property include (i) property management under the DOE asset management tracking and accountability system, (ii) day to day operational responsibilities, and (iii) long range planning for disposition. Effective as of the Transfer Date, LMES and LMER shall transfer the care, custody and control of certain government-owned real property identified in the PRISM database as

K, R and S Property, for which LMES or LMER is accountable by the terms of their Prime Contracts, to Bechtel Jacobs Company and Bechtel Jacobs Company does hereby accept such transfer for purposes of asset management, in accordance with the terms and conditions of the M&I Contract.

5.2 Transfer of Government-Owned Personal Property And Equipment

As of the Transfer Date, LMES and LMER shall transfer control of certain personal government property to Bechtel Jacobs Company and Bechtel Jacobs Company does hereby accept such transfer and assume all obligations and liability therefor arising on or after the Transfer Date. LMES and LMER shall provide to Bechtel Jacobs Company a statement of such property transferred to Bechtel Jacobs Company and to the extent available, the value of each transferred property as of the Transfer Date. The value of such property shall be that value established in accordance with DOE procedures for valuing government property. By September 30, 1998, LMES, LMER and Bechtel Jacobs Company shall reconcile the inventory report of all personal property transferred to Bechtel Jacobs Company on the Transfer Date. LMES, LMER and Bechtel Jacobs Company shall provide the other Parties with access to their respective inventory reports, for the purpose of searching for property which is the responsibility of one but may be in the possession of another. Bechtel Jacobs Company, LMER and LMES will utilize standard property management processes in identifying and tracking personal property on any future transactions between the Parties.

5.3 Government Furnished Property

Government-owned property or equipment may be provided from time to time from one Party to another, related to performance of services under the MAS or otherwise. Equipment provided by one Party to the other Party shall be the sole responsibility of the receiving Party. The providing Party shall make the equipment and its maintenance records available for inspection. The condition of the equipment, including any obvious damage, shall be noted on an Equipment Condition Report. After delivery, the receiving Party shall be solely responsible for the care, custody, maintenance and repair of the equipment until returned to the providing Party.

5.4 Transfer Of Nuclear Materials

On the Transfer Date, LMES shall transfer the care, custody and control of all nuclear materials reported in the ETTP Nuclear Materials Inventory System (NUMIS) and the DOE portion of the comparable system at Paducah and Portsmouth to Bechtel Jacobs Company and Bechtel Jacobs Company hereby accepts the care, custody and control of said nuclear materials in accordance with the terms and conditions of the M&I Contract, as evidenced by the transfer of Reporting Identification Symbols (RISs) BWD, FZE, VWD and VZH assigned to the ETTP; RISs FYC and VYC assigned to Paducah; and RISs FXA, FXC and VXA assigned to Portsmouth.

6.0 ENVIRONMENTAL REGULATORY REQUIREMENTS, PERMITS AND APPLICATIONS

6.1 Assignment of Resource Conservation and Recovery Act (RCRA) Permits

LMES hereby assigns and transfers to Bechtel Jacobs Company, effective as of the Transfer Date, the RCRA permits identified on Attachment 6.1a to this Agreement, where, and to the extent LMES is listed as a permittee or Co-Operator, and Bechtel Jacobs Company does hereby accept such assignment. LMES hereby assigns and transfers to Bechtel Jacobs Company and LMER, effective as of the Transfer Date, the RCRA permits identified on Attachment 6.1b to this Agreement, where, and to the extent LMES is listed as a permittee or Co-Operator, and Bechtel Jacobs Company and LMER do hereby accept such

assignment. LMES hereby concurs in the addition of Bechtel Jacobs Company, as additional Co-Operator, effective as of the Transfer Date, on the RCRA permits identified on Attachment 6.1c to this Agreement, and Bechtel Jacobs Company does hereby agree to such addition. Nothing in this Agreement precludes the future addition, with agreement of the permittees, and necessary regulatory approval, of additional subcontractors to such permits. This Section is not intended in any way to change the status of the DOE with respect to such permits.

6.2 RCRA Permit Implementation

Operation of RCRA-permitted units shall be conducted and coordinated as specified in Agreements For Operation Of RCRA Treatment, Storage and Disposal Facilities (TSDs), ("RCRA Operations Agreements") entered into between Bechtel Jacobs Company and LMES and LMER and related work authorizations entered into under the MAS.

7.0 FINANCIAL ADMINISTRATION

7.1 Payroll

LMES shall process a final payroll through March 31, 1998 for all employees transferring to Bechtel Jacobs Company. LMES shall make no deductions from the final weekly paychecks other than appropriate taxes. LMES shall input into the Bechtel Jacobs Company Payroll the subject data for FICA/FUI/SUI, vacation accruals, and other payroll related withholdings or liabilities for all transferring employees prior to the first Bechtel Jacobs Company payroll run on April 6, 1998. LMES shall file all appropriate forms applicable to the wages and other compensation paid by it through the Transfer Date. Bechtel Jacobs Company shall file all appropriate forms applicable to the wages and other compensation paid by it on and after the Transfer Date. LMES shall retain on file all W-4 forms provided by former employees. Transferring employees shall file new W-4 forms with Bechtel Jacobs Company.

7.2 Travel

LMES shall be responsible for the processing and payment of all travel (including local travel) expenses for its employees who commence travel on or before March 31, 1998 and who will become employees of Bechtel Jacobs Company on or after the Transfer Date upon the same terms as were in effect when the travel commenced. For those former LMES employees whose travel commences on or after April 1, 1998 and who have received from LMES a travel advance prior to March 31, 1998, LMES hereby assigns to Bechtel Jacobs Company all of its rights, title and interest in any and all such travel advances except airline commissions and Bechtel Jacobs Company hereby assumes and accepts all of LMES's obligations and rights for such travel advances. Bechtel Jacobs Company agrees that it will be responsible for the processing and payment of the travel expense reports for those Bechtel Jacobs Company employees whose travel commences on or after April 1, 1998. LMES hereby transfers to Bechtel Jacobs Company all unused airline tickets obtained for official travel with EMEF Program funds under the terms of the LMES Contract.

7.3 Relocation Payments

LMES has, pursuant to its Prime Contract with the DOE, reimbursed certain new employees for the costs of their moving to the Oak Ridge, Portsmouth or Paducah sites, with the express understanding with each such employee that if the employee leaves voluntarily within one year, he or she will pay to LMES the moving costs so reimbursed. Effective on the Transfer Date, LMES hereby assigns to Bechtel Jacobs Company all of its rights, title and interest in such reimbursed moving costs and Bechtel Jacobs

Company hereby assumes and accepts all of LMES's liabilities and obligations for all relocation costs for those employees transferring to Bechtel Jacobs Company, provided, however, that Bechtel Jacobs Company shall only be required to utilize its best effort to collect any relocation costs that may become due and owing. If Bechtel Jacobs Company is unable to collect such costs, all rights, title and interest in such reimbursed cost shall be transferred to the DOE, and Bechtel Jacobs Company shall have no further liability. Effective on the Transfer Date, LMES shall provide to Bechtel Jacobs Company a list of former LMES employees who have been reimbursed moving costs, who have been employed at Oak Ridge, Portsmouth or Paducah for less than one year and who are transferring to Bechtel Jacobs Company. Bechtel Jacobs Company understands and agrees that it will assume all obligations and liabilities arising on or after the Transfer Date for ongoing relocation reimbursements to former LMES employees who have transferred to Bechtel Jacobs Company.

7.4 Credits and Rebates

LMES hereby assigns and transfers to Bechtel Jacobs Company and Bechtel Jacobs Company hereby agrees and accepts such assignment of all credits, rebates, refunds, allowances, state tax refunds, and other credits, less expenses, as may be due and owing LMES as a result of an allowable cost under the terms of the LMES Contract as it relates to EMEF Program work.

7.5 Mid-Year Closing and Contingent Liabilities

Effective as of March 31, 1998, LMES shall perform a mid-year closing of accounts, including preparation of all documents to accurately reflect balances and activities as recorded by LMES during the first half of fiscal year 1998.

7.6 Accounts Receivable

LMES will credit appropriate Bechtel Jacobs Company account(s) for all payments received by LMES which are attributable to Bechtel Jacobs Company. LMES shall analyze all outstanding accounts receivable balances relating to the EMEF scope of work before the Transfer Date. Any accounts receivable determined by LMES to be uncollectable shall be referred to the DOE for collection. The remainder of the accounts receivable are hereby assigned and transferred to Bechtel Jacobs Company. Bechtel Jacobs Company hereby accepts the assignment and agrees to manage the transferred accounts until a zero balance is achieved; provided, however, Bechtel Jacobs Company shall only be required to utilize its best efforts to collect any accounts receivable that maybe outstanding. If Bechtel Jacobs company is unable to collect such accounts receivable, said accounts receivable shall be referred to the DOE for collection, and Bechtel Jacobs company shall have no further liability. All reporting of account status shall be through the Financial Data System.

7.7 Accounts Payable and Accruals

Payment of accounts payable and accrued expenses incurred for EMEF work scope but not paid by LMES through March 31, 1998, will be made by Bechtel Jacobs Company from the Letter of Credit obtained by Bechtel Jacobs Company from the DOE. LMES shall use its best efforts to accrue all such costs as of March 31, 1998. Accounts payable for purchase orders identified and not assigned to Bechtel Jacobs company as agreed under Section 2.1 above shall be processed for payment by LMES.

7.8 Credit Cards And Procurement Cards

LMES shall cancel all corporate travel and telephone charge cards issued to their employees who are to become employees of Bechtel Jacobs Company effective on the Transfer Date. LMES shall cancel all ACE Procurement cards issued to their employees who are to become employees of Bechtel Jacobs Company effective on the Transfer Date.

7.9 General Ledger Balances

LMES shall transfer and assign to Bechtel Jacobs Company, and Bechtel Jacobs Company will accept all general ledger balances pertaining to the EMEF scope of work.

7.10 Taxes

LMES shall provide Bechtel Jacobs Company with a statement of wages paid to LMES employees transferred to Bechtel Jacobs Company on the Transfer Date in order for Bechtel Jacobs Company to take advantage of all FICA, FUT and SUT wage limitations. Bechtel Jacobs Company and LMES understand and agree that nothing in this Agreement shall modify or assign their respective federal and state tax reporting responsibilities.

8.0 MANAGEMENT OF LEGAL ISSUES

8.1 Management of Litigation and Claims

After the Transfer Date, LMES and LMER shall continue to prosecute or defend all litigation and claims of any sort, including EEOC cases, worker's compensation cases, unemployment compensation cases, arbitrations and grievances, against or in favor of LMES or LMER, and Bechtel Jacobs Company shall not succeed to the interest, nor assume the defense and representation of LMES, LMER, or any of their subcontractors in any such litigation, arbitrations, claims, grievances or complaints.

8.2 Legal Defense Cooperation

Each Party shall promptly notify the cognizant legal offices of any labor claims, grievances, arbitrations or law suits which may affect the common interests of the Parties. In a manner so as not to interfere with performance of its work under its Prime Contract, each Party shall cooperate with the other Parties in matters of legal defense.

8.3 Garnishments, Liens And Other Court Orders

For those LMES employees who transfer employment to Bechtel Jacobs Company on the Transfer Date and who have their salaries subject to a garnishment or other court order, LMES shall notify the court issuing such order that it no longer employs such employees and will provide to the court the name and address of Bechtel Jacobs Company as the employer of record for such employees.

9.0 TRADEMARKS AND COPYRIGHTS

9.1 License

LMES and LMER hereby grant to Bechtel Jacobs Company and its subcontractors, for the sole purpose of performing their EMEF Program responsibilities at the Oak Ridge, Portsmouth and Paducah sites, a

non-exclusive, non-transferable, royalty-free license to use in the United States, as of the Transfer Date, any trademarks, service marks, trade names, advertising, signs, slogans, symbols and other trade indicia (hereinafter collectively referred to as "Marks") being used as of the Transfer Date by LMES or LMER in connection with the business activities conducted by LMES or LMER under its Prime Contract with the DOE. Bechtel Jacobs Company will maintain and protect said Marks in accordance with the M&I Contract and will maintain the quality of the goods and services protected by such marks. When any of the aforesaid such items are removed or discontinued from service, they shall be turned over to LMER or LMES or destroyed and a certificate of destruction shall be provided to LMER or LMES.

Notwithstanding any other provision of this Agreement, LMES employees who transfer to Bechtel Jacobs Company on the Transfer Date will retain their badges until such time as individual or site-wide rebadging is accomplished.

9.2 Right to Use

It is understood and agreed that LMES or LMER policy and procedure manuals, instructions and work rules, including any and all such documents that purport to be copyrighted, may be used until reprinted, and Bechtel Jacobs Company may continue to use the internal forms containing such Marks until the supply is exhausted. Bechtel Jacobs Company shall defend LMER or LMES and be responsible for any costs and liability for loss or damage arising out of the use by Bechtel Jacobs Company of such materials.

10.0 ENTIRE AGREEMENT

This Agreement sets forth the full and complete understanding of the Parties as of the Transfer Date, and except for the MAS, it supersedes any and all agreements and representations made or dated prior thereto relating to the subject matter hereof. In the event of any conflict between this Agreement and any of the Attachments hereto, the terms and provisions of this Agreement shall control. In the event of any conflict among the Attachments, the Attachment of the latest date shall control. The Parties recognize that additional matters may be identified which require mutual agreement. Such matters shall be reduced to writing and made a part of this Agreement by an appropriate amendment signed by all of the Parties hereto.

11.0 AUTHORIZED SIGNATURES

The individuals whose signatures appear below hereby certify that they are authorized to sign on behalf of the respective Parties to this Agreement. This Agreement will be executed in quadruplicate, and is not effective until signed by all Parties.

BECHTEL JACOBS COMPANY LLC


Joseph F. Nemec
President

Date 3-31-98

LOCKHEED MARTIN ENERGY
SYSTEMS, INC.


for Robert L. Van Hook
President

Date 4/1/98

LOCKHEED MARTIN ENERGY
RESEARCH CORPORATION


for Alvin W. Trivelpiece
President

Date 4/1/98